

PUBLIC DISCLOSURE

July 11, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST. JEAN'S CREDIT UNION

**527 WESTERN AVENUE
LYNN, MA 01904**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **St. Jean's Credit Union** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "SATISFACTORY".

The rating of this institution is established upon five performance criteria for small institutions. The credit union's average net loan-to-share ratio over the past two years stands at 62.1 percent and is considered to meet the standards for satisfactory performance. In 1998, 1999, and year-to-date July 7, 2000, the credit union granted 66.3 percent of the number and 64.1 percent of the dollar amount of its HMDA-reportable loans within its assessment area. In addition, the credit union originated a majority of a sample of consumer loans within its assessment area. This section of the examination was considered to meet the standards for satisfactory performance. The credit union extended 44.4 percent of its HMDA-reportable loans and 69.6 percent of a sample of its consumer loans to low and moderate-income borrowers. Performance under this criterion was found to exceed the standards for satisfactory performance. The credit union demonstrated a satisfactory distribution of loans among geographies of different income levels. Finally, there were no complaints received by the credit union pertaining to its CRA performance and the fair lending examination revealed no evidence of discriminatory or illegal credit practices.

PERFORMANCE CONTEXT

Description of Institution

St. Jean's Credit Union was founded in 1910 under the charter of the Commonwealth of Massachusetts.

As of March 31, 2000, St. Jean's Credit Union had \$82 million in assets and employed 36 individuals. The credit union's main office is located at 527 Western Avenue in the City of Lynn. The credit union also maintains a branch in the Port Plaza Shopping Center at 45 Storey Avenue in Newburyport. The main office is located in a moderate-income census tract, while the branch is located in a middle-income census tract. Office hours appear convenient and services appear to be accessible to all members. The credit union maintains an Automated Teller Machine (ATM) at its main office and also two stand-alone ATMs located at the North Shore Community College's Lynn Campus and the Anna Jacques Hospital located in Newburyport. The ATMs are linked to the NYCE, Cirrus, Xpress 24 and MasterCard Networks.

As of March 31, 2000, 53.2 percent of the credit union's assets were in the form of loans. The credit union offers a wide range of loan products, including first mortgage loans, home equity loans, home improvement loans, new and used automobile loans, unsecured personal loans, and unsecured credit card loans. Real estate loans account for 43.9 percent of the total loan portfolio. The following is a breakdown of the credit union's loan portfolio as it appears on the March 31, 2000 Call Report.

LOAN TYPE	AMOUNT	PERCENT
First Mortgage Real Estate	\$ 16,827,543	38.6
Unsecured Credit Card	\$ 8,189,911	18.8
Used Vehicle Loans	\$ 7,510,043	17.2
Personal Unsecured	\$ 5,926,650	13.6
Other Real Estate	\$ 2,298,561	5.3
New Vehicle Loans	\$ 2,214,656	5.1
Other Loans	\$ 639,155	1.4
GROSS LOANS	\$ 43,606,519	100.0

Source: March 31, 2000 Call Report

The credit union was rated Satisfactory at the previous examination for compliance with the Community Reinvestment Act (CRA) on September 8, 1997.

Description of Assessment Area

According to the credit union's bylaws, membership is open to individuals who live or work in Essex County.

St. Jean's Credit Union has two assessment areas. The first assessment area is designated as Lynn, Lynnfield, Nahant, Salem, Saugus, Swampscott, and Peabody. The second area constitutes the City of Newburyport. All of these communities are located in the Boston Metropolitan Statistical Area. For the remainder of the report, the two areas are combined into one community.

According to 1990 U.S. Census Data, these eight communities have a combined population of 237,088 and a total of 91,474 households. There are 98,372 housing units within the credit union's assessment area of which 54,237 or 55.1 percent are owner-occupied, 37,489 or 38.1 percent are rental occupied-units, and 6,646 or 6.8 percent are vacant housing units. The City of Lynn had the lowest percentage of owner-occupied units at 42.0 percent. Approximately 9,122 or 10.0 percent of the total number of households in the assessment area are living below the poverty level.

There are 53 census tracts in the credit union's assessment area. Of these census tracts, 5 are designated as low-income, 16 as moderate-income, 28 as middle-income, and 4 as upper-income. Refer to the following table for a breakdown of the census tracts in the assessment area.

CENSUS TRACTS AND INCOME IN ASSESSMENT AREA*

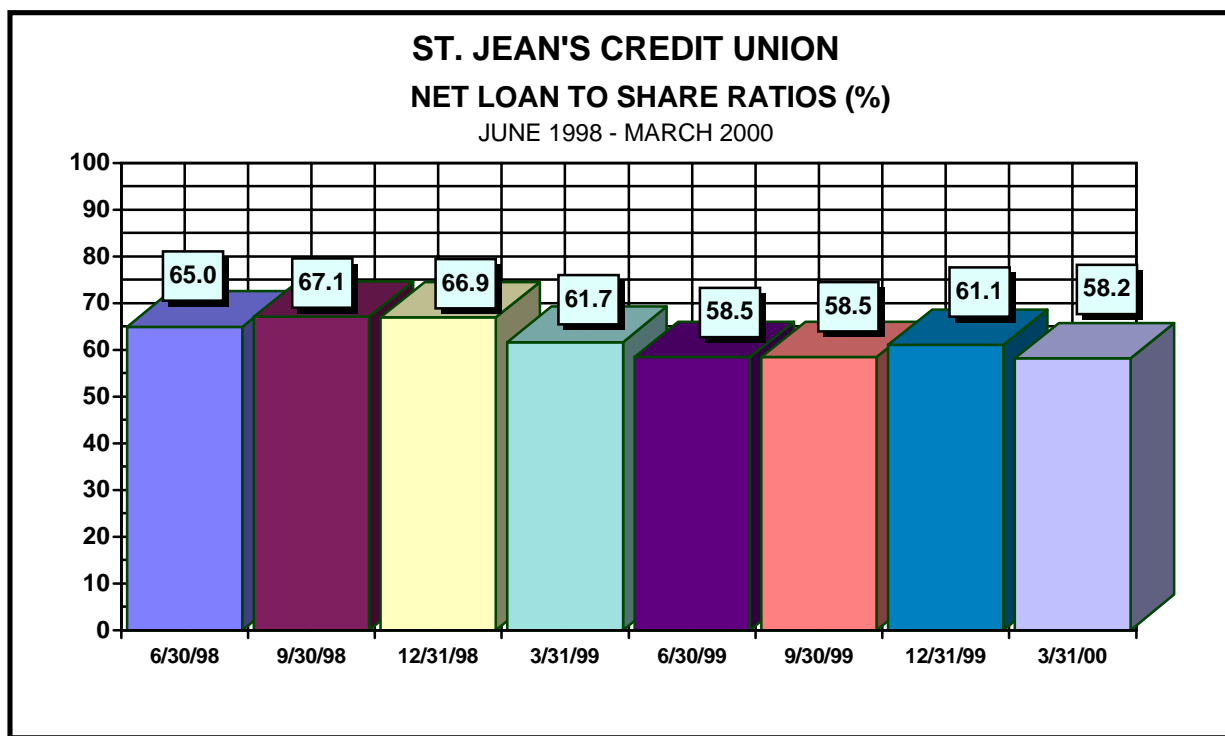
LOCATION	LOW	MODERATE	MIDDLE	UPPER	TOTAL
Lynn	4	12	6	0	22
Lynnfield	0	0	0	2	2
Nahant	0	0	0	1	1
Newburyport	0	0	4	0	4
Peabody	0	3	6	0	9
Salem	1	1	6	0	8
Saugus	0	0	5	0	5
Swampscott	0	0	1	1	2
TOTAL	5	16	28	4	53
PERCENT	9.4	30.2	52.8	7.6	100.0

* Based on 1990 Census Data, adjusted for 1993 MSAs.

PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

St. Jean's Credit Union's average net loan-to-share ratio was calculated utilizing the National Credit Union Administration 5300 call reports. This ratio is based on total loans less the allowance for loan and lease losses, as a percentage of total shares. The credit union's average net loan-to-share ratio for the period of June 30, 1998 through March 31, 2000 is 62.1 percent. At the previous state examination on September 8, 1997, the average net loan to share ratio was calculated to be 66.1 percent. The asset size of the institution has increased from \$75,200,378 as of March 31, 1999 to \$81,941,373 as of March 31, 2000. During this time, net loans increased approximately 2.1 percent, while deposits have increased approximately 8.4 percent. The following graph depicts the net loan to share ratio for each quarter under review.



The following table compares the net loan-to-share ratio of St. Jean's Credit Union with four other institutions in the assessment area as of December 31, 1999. St. Jean's Credit Union is ranked third with a net loan-to-share ratio of 61.1 percent. The ratios shown are listed with the net loan-to-share ratios in descending order.

INSTITUTION	NET LOAN TO SHARE RATIO 12/31/99
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Community Credit Union of Lynn	85.0
Luso-American Credit Union	75.4
St. Jean's Credit Union	61.1
St. Joseph Credit Union	56.8
Brotherhood Credit Union	54.6

Based on the above information, the credit union's asset size and resources, competition, and the credit needs of the assessment area, the credit union's net-loan-to-share ratio is considered adequate and meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

A review of St. Jean's Credit Union's 1998, 1999, and year-to-date July 7, 2000 Loan Application Registers (LARs) was conducted to determine the geographic distribution of HMDA reportable originations. This information indicated the credit union originated 163 loans during this period. A total of 108 loans or 66.3 percent were originated within the credit union's assessment area. Lynn accounted for the majority of loan originations with 49.7 percent, followed by Newburyport with 9.2 percent. This is considered reasonable as the credit union was established in Lynn and the only branch office is located in Newburyport. The remaining cities and towns each account for less than 5.0 percent of the credit union's HMDA-reportable loan originations. Of the 163 HMDA reportable loans originated within the assessment area, 75 or 46.0 percent were for refinances, 69 or 42.3 percent were for home improvement, and 19 or 11.7 percent were for conventional home purchases.

By dollar amount, the credit union originated \$11,065,000 in HMDA-reportable loans over the past two years. Of these loans, \$7,094,000 or 64.1 percent, was originated within the credit union's assessment area. Refer to the following tables for additional information.

HMDA LOANS BY NUMBER OF ORIGINATIONS

LOCATION	1998	1999	2000 (YTD)	TOTAL

	#	%	#	%	#	%	#	%
Lynn	29	54.7	34	49.3	18	43.9	81	49.7
Newburyport	4	7.5	7	10.1	4	9.8	15	9.2
Peabody	3	5.7	3	4.4	1	2.4	7	4.3
Salem	1	1.9	2	2.9	1	2.4	4	2.5
Swampscott	0	0.0	1	1.4	0	0.0	1	0.6
Lynnfield	0	0.0	0	0.0	0	0.0	0	0.0
Saugus	0	0.0	0	0.0	0	0.0	0	0.0
Nahant	0	0.0	0	0.0	0	0.0	0	0.0
Inside Assessment Area	37	69.8	47	68.1	24	58.5	108	66.3
Outside Assessment Area	16	30.2	22	31.9	17	41.5	55	33.7
TOTAL	53	100.0	69	100.0	41	100.0	163	100.0

Source – 1998, 1999, and year to date July 7, 2000 (LARs)

HMDA LOANS BY DOLLAR AMOUNT OF ORIGINATIONS

LOCATION	1998		1999		2000 (YTD)		TOTAL	
	\$ (000)	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
Lynn	2,614	51.4	1,579	38.8	790	41.5	4,983	45.0
Newburyport	336	6.6	629	15.4	130	6.9	1,095	9.9
Peabody	258	5.1	259	6.4	20	1.1	537	4.8
Salem	140	2.7	111	2.7	153	8.0	404	3.7
Swampscott	0	0.0	75	1.8	0	0.0	75	0.7
Lynnfield	0	0.0	0	0.0	0	0.0	0	0.0
Saugus	0	0.0	0	0.0	0	0.0	0	0.0
Nahant	0	0.0	0	0.0	0	0.0	0	0.0
Inside Assessment Area	3,348	65.8	2,653	65.1	1,093	57.5	7,094	64.1
Outside Assessment Area	1,742	34.2	1,420	34.9	809	42.5	3,971	35.9
TOTAL	5,090	100.0	4,073	100.0	1,902	100.0	11,065	100.0

Source – 1998, 1999, and year to date July 7, 2000 (LARs)

A sample of consumer loans originated by the credit union in 1998, 1999, and year to date June 30, 2000 was also reviewed during this examination to determine the distribution of loans inside and outside the assessment area. As with the HMDA-reportable loans, the majority of the sample of the credit union's consumer loans was

originated inside the assessment area. Refer to the following tables for information on the number and dollar amount of originations.

CONSUMER LOANS BY NUMBER OF ORIGINATIONS

LOCATION	1998		1999		2000 (YTD)		TOTAL	
	#	%	#	%	#	%	#	%
Lynn	18	36.0	23	46.0	9	36.0	50	40.0
Newburyport	6	12.0	4	8.0	3	12.0	13	10.4
Peabody	6	12.0	3	6.0	1	4.0	10	8.0
Salem	2	4.0	1	2.0	0	0.0	3	2.4
Swampscott	1	2.0	1	2.0	0	0.0	2	1.6
Lynnfield	0	0.0	1	2.0	0	0.0	1	0.8
Saugus	0	0.0	0	0.0	0	0.0	0	0.0
Nahant	0	0.0	0	0.0	0	0.0	0	0.0
Inside Assessment Area	33	66.0	33	66.0	13	52.0	79	63.2
Outside Assessment Area	17	34.0	17	34.0	12	48.0	46	36.8
TOTAL	50	100.0	50	100.0	25	100.0	125	100.0

Source: Sample pulled from credit union - 1998 through year-to-date June 30, 2000

CONSUMER LOANS BY DOLLAR AMOUNT OF ORIGINATIONS

LOCATION	1998		1999		2000 (YTD)		TOTAL	
	\$ (000)	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
Lynn	142	35.8	135	35.4	68	34.0	345	35.3
Newburyport	36	9.1	72	18.9	26	13.0	134	13.7
Peabody	41	10.3	32	8.4	3	1.5	76	7.8
Salem	15	3.8	9	2.4	0	0.0	24	2.5
Swampscott	1	0.3	8	2.1	0	0.0	9	0.9
Lynnfield	0	0.0	4	1.0	0	0.0	4	0.4
Saugus	0	0.0	0	0.0	0	0.0	0	0.0
Nahant	0	0.0	0	0.0	0	0.0	0	0.0
Inside Assessment Area	235	59.3	260	68.2	97	48.5	592	60.6
Outside Assessment Area	161	40.7	121	31.8	103	51.5	385	39.4
TOTAL	396	100.0	381	100.0	200	100.0	977	100.0

Source: Sample pulled from credit union - 1998 through year-to-date June 30, 2000

Based on the above information, St. Jean's Credit Union is considered to meet the standards of satisfactory performance for credit extended inside and outside of the assessment area.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of St. Jean's Credit Union's HMDA reportable loan originations and a sample of originated consumer loans for 1998, 1999, and year to date July 7, 2000 was conducted to determine the distribution of credit based upon the income levels of borrowers throughout the assessment area. All of the originations were within the Boston Metropolitan Statistical Area (MSA) and were categorized by the ratio of the applicant's reported income to the estimated 1998, 1999, and 2000 median family incomes of the Boston MSA, which are \$60,000, \$62,700, and \$65,500 respectively. These income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 to 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 and 119 percent of the median family income level for the MSA. Upper-income is defined as income greater than 120 percent of the median family income level for the MSA.

The following table illustrates HMDA reportable mortgage loans originated and categorized by the applicants' reported income in relation to the median family income for the Boston MSA.

NUMBER OF HMDA REPORTABLE ORIGINATIONS BY INCOME OF BORROWER

% OF MEDIAN MSA INCOME	1998		1999		2000 (YTD)		TOTAL	
	#	%	#	%	#	%	#	%
<50%	2	5.5	9	19.1	5	20.8	16	14.8
50%-79%	13	35.1	16	34.0	3	12.5	32	29.6
80%-119%	13	35.1	13	27.7	7	29.2	33	30.6
120%>	9	24.3	7	14.9	9	37.5	25	23.1
N/A	0	0.0	2	4.3	0	0.0	2	1.9
TOTAL	37	100.0	47	100.0	24	100.0	108	100.0

Source – 1998, 1999, and year to date July 7, 2000 (LARs)

As illustrated in the above table, 48 or 44.4 percent of HMDA reportable loans originated within the credit union's assessment area were to applicants of low and moderate income. This is an indication of the credit union's willingness to respond to the needs of individuals of different incomes.

St. Jean's Credit Union's performance in 1998 in this category was compared with the performance of its peer group consisting of The Community Credit Union of Lynn, Luso-American Credit Union in Peabody, St. Joseph's Credit Union in Salem, and Brotherhood Credit Union in Lynn. This comparison indicated that St. Jean's Credit Union originated 40.6 of its HMDA reportable loans to low and moderate-income members while the peer group originated 34.1 percent of its HMDA reportable loans to the same income group.

A sample of 79 consumer loans originated by the credit union in 1998, 1999 and year to date June 30, 2000 was reviewed to determine the distribution of loans among borrowers of different income levels. This review was conducted utilizing the median family income of the Boston MSA for 1998, 1999 and 2000. According to this analysis, 69.6 percent of the credit union's consumer loans were granted to low and moderate-income borrowers. Refer to the following table.

NUMBER OF CONSUMER LOAN ORIGINATIONS BY INCOME OF BORROWER

% OF MEDIAN MSA INCOME	1998		1999		2000 (YTD)		TOTAL	
	#	%	#	%	#	%	#	%
<50%	14	42.4	16	48.5	7	53.9	37	46.8
50%-79%	6	18.2	7	21.1	5	38.4	18	22.8
80%-119%	9	27.3	5	15.2	1	7.7	15	19.0
120%>	4	12.1	5	15.2	0	0.0	9	11.4
TOTAL	33	100.0	33	100.0	13	100.0	79	100.0

Source: Information contained in the loan files reviewed - 1998 through year-to-date June 30, 2000

It should be noted that the majority of the consumer loans were granted to single applicants. Therefore, it is not unexpected that the percentage of originations to low and moderate-income members would be higher than that of mortgage originations, where the income is usually the result of joint combined incomes. Of the 79 loans, 11 were joint applications whereby two incomes were used for loan qualification. Furthermore, of these 11 joint applications, 1 was considered as low-income, 3 as moderate-income, 4 as middle-income, and 3 as upper-income members. The credit union's distribution of loans demonstrates a willingness to lend to members of all income levels.

St. Jean's Credit Union's loan distribution for borrowers of different income levels reflects a very good penetration of low and moderate-income members and is considered to exceed the standards of satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

An analysis of HMDA reportable loans extended within the various census tracts contained in the credit union's assessment area was conducted during the examination. The credit union's assessment area is comprised of 53 census tracts. Of these census tracts, 5 are designated as low-income, 16 as moderate-income, 28 as middle-income, and 4 as upper-income.

From 1998 through year to date July 7, 2000, St. Jean's Credit Union originated 5.5 percent of its HMDA reportable loans within its assessment area in low-income areas, 31.5 percent in moderate-income census tracts, and 63.0 percent in middle-income census tracts. Refer to the following table.

HMDA LOAN ORIGINATIONS BY CENSUS TRACT

CENSUS TRACT	1998		1999		2000 (YTD)		TOTAL	
	#	%	#	%	#	%	#	%
LOW	0	0.0	5	10.6	1	4.2	6	5.5
MODERATE	14	37.8	15	31.9	5	20.8	34	31.5
MIDDLE	23	62.2	27	57.5	18	75.0	68	63.0
UPPER	0	0.0	0	0.0	0	0.0	0	0.0
TOTAL	37	100.0	47	100.0	24	100.0	108	100.0

Source – 1998, 1999, and year to date July 7, 2000 (LARs)

St. Jean's Credit Union's HMDA-reportable loan originations were compared to that of a peer group of similar credit unions operating within its assessment area. This comparison was based on loan data from 1998, the most recent year available. According to this analysis, the credit union originated 37.8 percent of its HMDA reportable loans in low and moderate-income areas, compared to the peer group with 34.9 percent.

Based upon the above information, St. Jean's Credit Union is considered to meet the standards for satisfactory performance for its geographic distribution of loans.

5. FAIR LENDING POLICIES AND PRACTICES/REVIEW OF COMPLAINTS

A thorough review of the public comment file revealed that the credit union received no complaints pertaining to the institution's CRA performance since the previous examination.

Detailed below is the credit union's fair lending performance as it correlates to the guidelines established by the Division of Bank's Regulatory Bulletin 2.3-101.

STAFF TRAINING

The credit union encourages its staff to attend training sessions and seminars with regards to fair lending laws and regulations.

During 1998, an employee attended a seminar on Home Equity Lines of Credit that was held at The New England College of Finance.

STAFF COMPOSITION AND COMPENSATION

The credit union has 36 employees, of which 6 are minorities. The credit union has two multi-lingual and two bi-lingual employees who can speak Spanish, French, Creole, German, and Polish.

The credit union does not have any in-house originators for mortgage loan products, nor does it compensate anyone in a manner that would encourage them to originate loans for larger dollar amounts as opposed to smaller dollar amounts.

OUTREACH

Management of the credit union appears to be committed to assisting individuals throughout the assessment area, including those with low and moderate-income, particularly in Lynn.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The credit union refers its members to the Members Mortgage Company for residential mortgage loan applications. Members Mortgage Company offers a variety of products and terms for single-family residences or condominiums.

The credit union offers a tuition loan product to its members at a rate of 7.50 percent for a term of twelve months. This product is offered to assist members with the cost of local private schools.

MARKETING

The credit union frequently advertises its mortgage products in local publications including The Lynn Daily Evening Item, The Salem Evening News, and The Newburyport News. The credit union also advertises in the Spanish Yellow Pages and promotes its products on its web site, StJeansCu.com, which also has a Spanish version available. Additionally, the credit union promotes its mortgage products through direct mail, regularly published newsletters, and lobby brochures and posters.

CREDIT EDUCATION

The credit union has not sponsored or participated in any credit education seminars over the past two years.

COUNSELING

The credit union's lending and collection staff provides information and addresses of credit counseling agencies to denied applicants and members who appear to be experiencing financial difficulties.

SECOND REVIEW PRACTICES

In order to ensure that policies and procedures are not discriminatory, as well as for quality control purposes, the Credit Committee reviews all loan applications to ensure fairness in all credit extensions.

INTERNAL CONTROL PROCEDURES

Management reviews the credit union's HMDA data on an annual basis. Management is responsible for reviewing all denied loan applications to ensure compliance with fair lending practices.

The credit union has contracted with the Marcomm Group to conduct random testing for compliance and fair credit opportunity within the credit union's lending activity.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of applications the credit union received from minorities. As of the 1990 U.S. Census, the credit union's assessment area has a population of 237,088, of which 22,626 individuals or 9.5% constitute the minority group. The assessment area's minority population is Native American (0.1%), Asian (1.9%), Black (2.7%), Hispanic (4.7%) and Other (0.1%).

From January 1, 1998, through July 7, 2000, the credit union received 8 applications (9.9%) from minorities. The credit union has received applications from minority borrowers at a rate that is consistent with the demographic makeup of its assessment area.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

ST. JEAN'S CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 11, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.